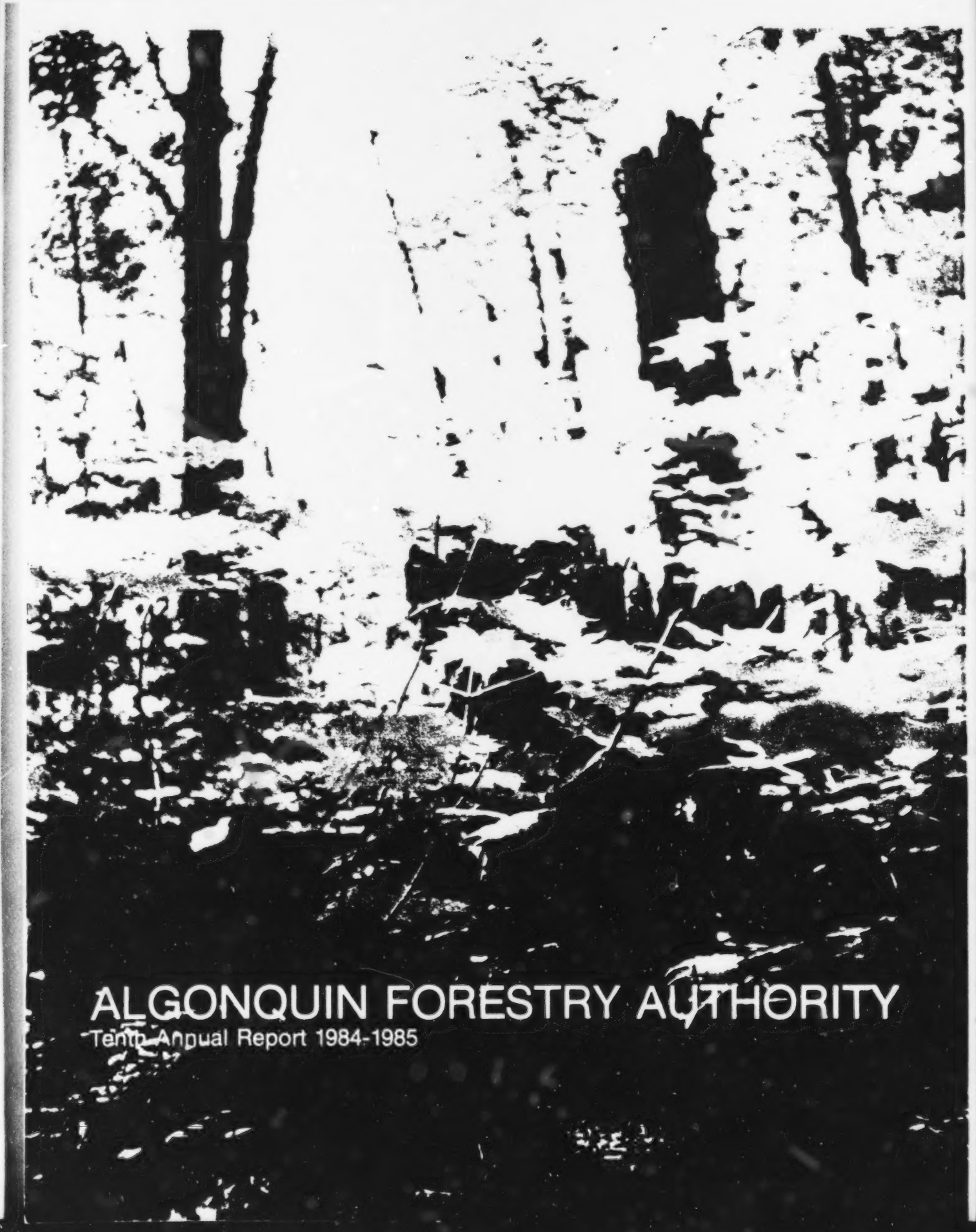


# ALGONQUIN FORESTRY AUTHORITY

Tenth Annual Report 1984-1985

86-04021

Ministry of
Natural
Resources

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1984 and ending March 31, 1985.

VINCENT G. KERRIO
Minister

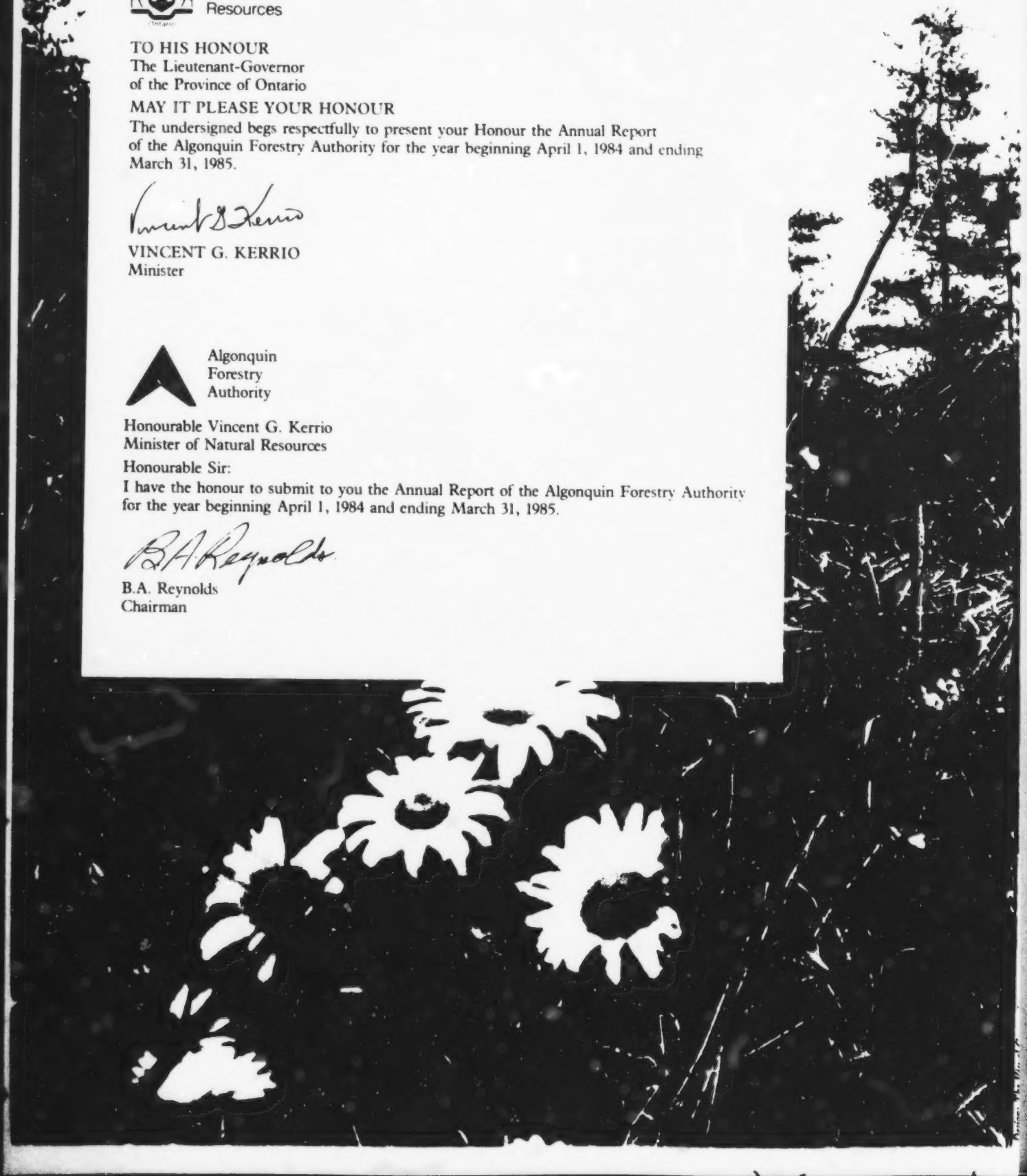
Algonquin
Forestry
Authority

Honourable Vincent G. Kerrio
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1984 and ending March 31, 1985.

B.A. Reynolds
Chairman



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Photographs on p. 3, 5, 9 courtesy of
Ministry of Natural Resources, Algonquin Park Museum

Design: The Visual Connection

# CHAIRMAN'S FOREWORD

The Authority's activities were again dominated by efforts to salvage the timber blown down by violent windstorms that occurred in August of 1983 and April of 1984. Extraordinary efforts were required of staff, contractors, and clients to complete the salvage before the timber values were destroyed by insects and fungus. The job was completed and replanting of the area began in 1984 and continues. This effort contributed in a major way to the highest volume produced in ten years of 500,366 $m^3$.

The high level of production had a favourable impact on the financial results for both the harvesting and forest management efforts. Some funds are being reinvested in planting, stand improvement, repairs, and upgrading of roads, bridges, and equipment. The balance is being retained for similar work over the next five years and to cushion the effects of the reduced volumes available after the blowdown.

The second year of responsibility for forest management went well with all targets met or exceeded. The cooperation and assistance of the M.N.R. contributed greatly to this success.

The General Manager announced his resignation shortly after the year-end to accept a senior position in the forest industry. Mr. I.D. Bird, R.P.F. has been the General Manager of the Authority since its inception in 1974 and has guided it through its birth and evolution over ten years. The Board of Directors and staff express their profound appreciation for a job well done.

It seems appropriate on the tenth anniversary of The Algonquin Forestry Authority to present some historical perspective on the first decade.

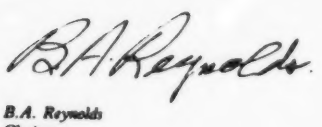
In the ten years from 1975 to 1985 a volume of over four million cubic metres of forest products have been produced from Algonquin Park, and the sales by the Authority have exceeded 65 million dollars to the client mills.

All but one of the manufacturing plants that were producing in 1975 are still producing in 1985. In some cases ownership has changed and in many cases new and more efficient equipment has been installed. In 1975 there were three plants operating within the Park boundaries and these are now relocated outside of the Park.

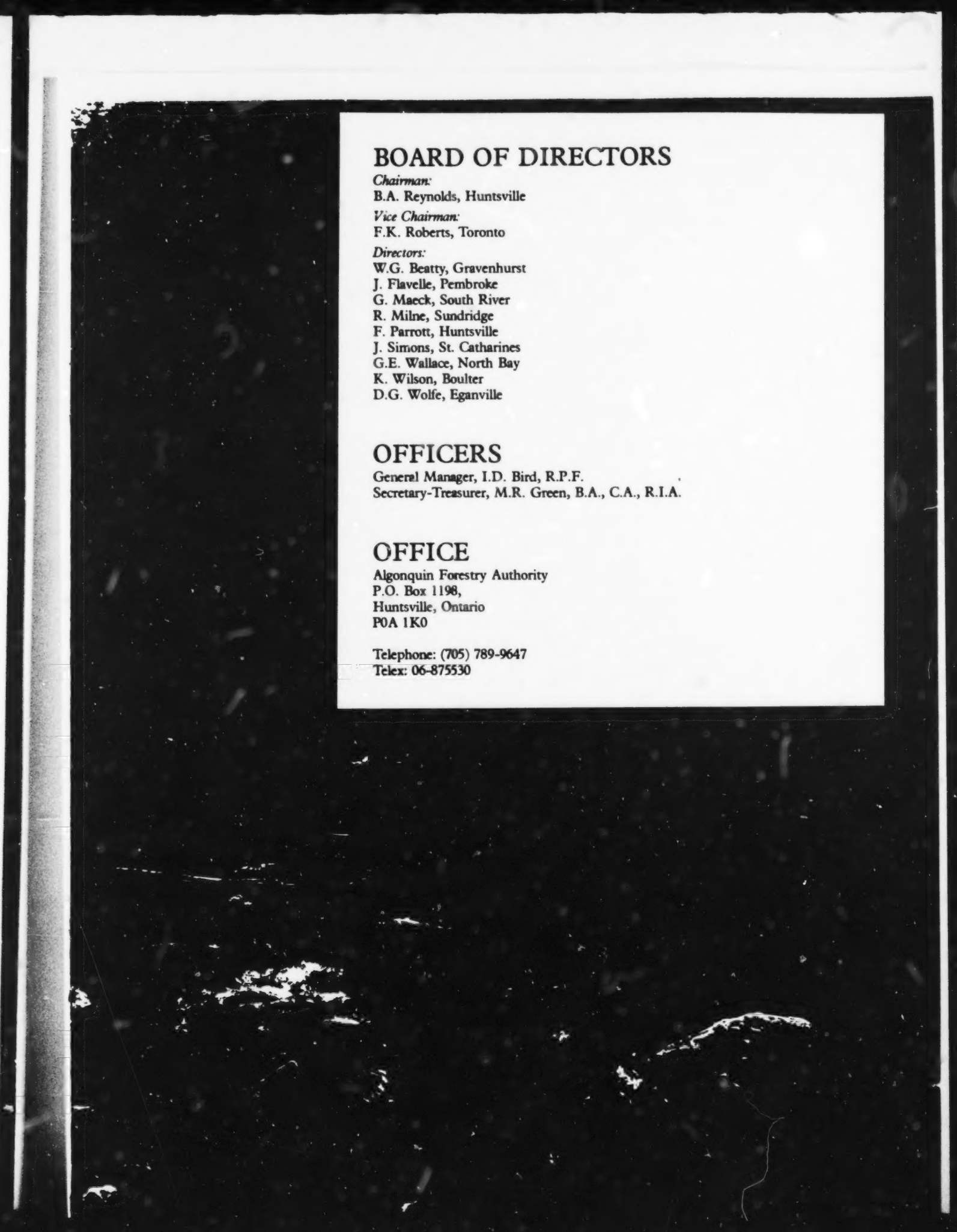
Prior to 1975 logging was done by contractors employing people from the communities surrounding the Park. This is still the case today with a new generation of young people working at jobs once held by their fathers and grandfathers.

In 1981 a forest management plan for the multiple use zone of the Park was approved by the late Hon. James Auld. For the first time the Park forests were the subject of one plan which integrated forest harvesting and management with the recreational and other uses of the Park under the umbrella of the Park Master Plan.

In 1983 the Authority assumed responsibility for the forest management effort in the Park. The Authority now plans and performs tree planting and stand improvement of the forests along with the harvesting. The retention of crown stumpage to finance forest management programs is an arrangement unique in Ontario. It provides a continuity of funding so vital to the long term management of the forest.



*B.A. Reynolds*
*Chairman*



## BOARD OF DIRECTORS

*Chairman:*
B.A. Reynolds, Huntsville

*Vice Chairman:*
F.K. Roberts, Toronto

*Directors:*
W.G. Beatty, Gravenhurst
J. Flavelle, Pembroke
G. Maeck, South River
R. Milne, Sundridge
F. Parrott, Huntsville
J. Simons, St. Catharines
G.E. Wallace, North Bay
K. Wilson, Boulter
D.G. Wolfe, Eganville

## OFFICERS

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

## OFFICE

Algonquin Forestry Authority
P.O. Box 1198,
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530

# INTRODUCTION

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $51 millions in terms of 1985 value added (2).

# GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, aesthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

# STRATEGIES

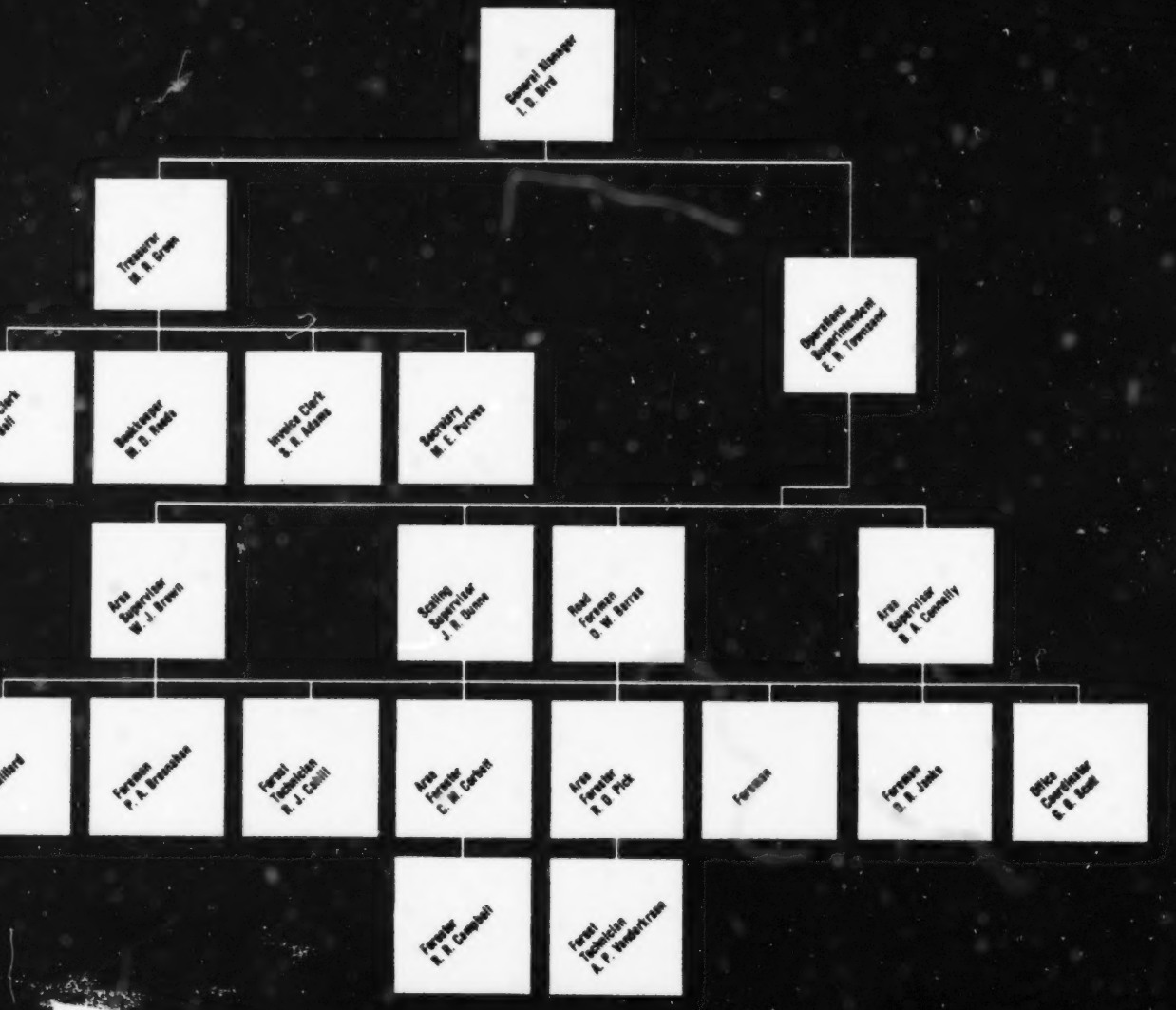
The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the seventeen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

1) Forest Management Plan Algonquin Provincial Park, Algonuin Forestry Authority 1980

2) The Forest Industry in the Economy of Ontario, Ministry of Natural Resources, 1981

# ALGONQUIN FORESTRY AUTHORITY
# ORGANIZATION CHART



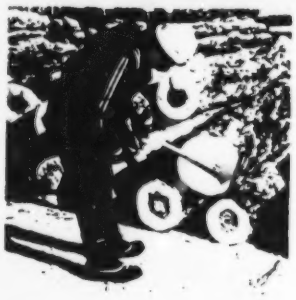
W. J. Brown, Area Supervisor

# RESULTS OF OPERATIONS:

Sales increased 34% over 1983-84 to $11,797,944. The largest portion of this increase resulted from continued pine stand salvage operations. The salvage timber sales for 1984-85 were $4,408,580 completing the two year recovery project.

Net income of $525,704 for 1984-85 is a 77% improvement over the 1983-84 net income of $297,051.

Forest management undertaking revenue relates directly to logging activity and as a result increased 37% to $1,365,451. Net income increased to $337,819 in 1984-85 from a loss of $16,188 in 1983-84.



# FINANCIAL POSITION:

The high level of activity, with profitable salvage operations running to the end of the year, resulted in substantial changes to the 1984-85 financial position.

Accounts receivable increased $196,301 to $1,249,563 and inventory increased $496,519 to $558,769.

The strongest indicator of the overall improvement in 1984-85 was working capital increasing by $720,981.

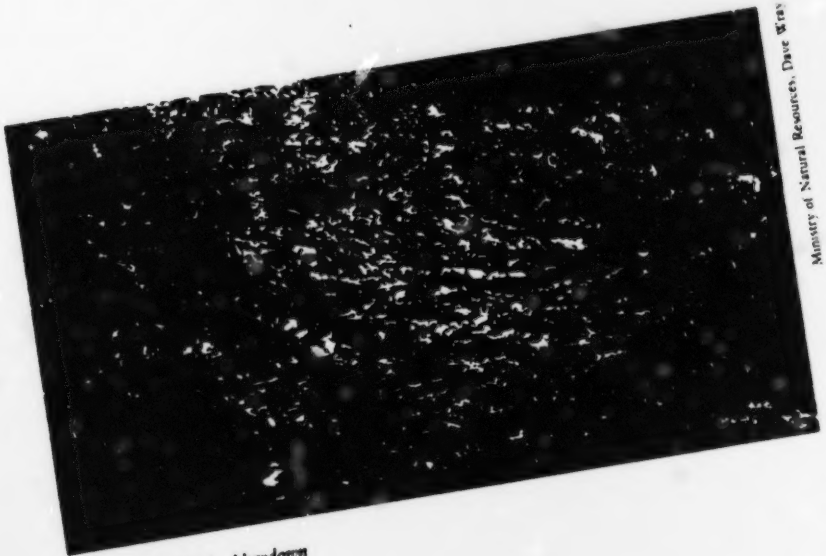
# LOGGING OPERATIONS:

Harvest of 500,366 $m^3$ was the highest volume in the ten year history of the Authority. Blowdown salvage was again a major element representing 144,603 $m^3$ or 29%.

Three of the five logging contractors were placed on salvage operations at the start of the season and remained there until the completion in August prior to the onset of fungus and insect damage. The entire 5,000 ha of blowdown were covered by the operation which yielded 225,013 $m^3$ over two years. All contractors moved to standing timber on completion of the salvage operations.

Weather conditions were generally favourable throughout the year although late freeze-up delayed the start of winter hauling. Extreme snowfall came late in the winter after completion of most operations. Favourable weather contributed to the record production achieved.

A.F.A. contractors producing logs for sale to mills generated 352,729 $m^3$ or 70% of the total harvest. The remaining 147,637 $m^3$ or 30% was produced by mill operators cutting products for their own use.



Ministry of Natural Resources, Dave Wra

*Part of the 5000 ha blowdown*

PRODUCT
(CUBIC METRE
Annual Available Harvest
Annual Allocation
Surplus Available
Regular Harvest 1984-85
Salvage 1984-85
Total Harvest 1984-85
Harvest 1983-84
PRODUCT
Hardwood Veneer Logs
12.740
12.740
11.153
136
8.560
Hardwood Sawlogs
144.330
136.770
7.560
128.145
3.938
132.083
98.360
Hemlock Sawlogs
59.430
41.840
17.590
35.701
35.701
29.320
Pine & Spruce Sawlogs
90.800
90.610
64.342
95.785
160.127
134.490
Poplar Splint Logs
4.620
4.620
840
5.200
2.820
Red Pine Poles
7.500
7.500
8.059
4.739
12.798
10.580
Pulpwood (Includes Firewood)
268.850
127.430
141.420
104.003
39.165
143.168
125.080
TOTAL
588.070
421.510
168.570
355.763
144.603
500.368
409.210

# SALES:

Demand and price for softwood lumber declined throughout the year making the surge of softwood sawlogs generated by blowdown salvage difficult to place. Demand for hardwood lumber was sufficiently strong to push hardwood sawlog sales to 132,083 $m^3$, the highest level since the 150,000 $m^3$ produced in 1975-76. Increased sales of hardwood veneer logs, up 32% and splint logs, up 85% reflect forest stand conditions and recovery practices rather than market conditions for these specialty products. Sales of "pulpwood" up 18,088 $m^3$ to 143,168 $m^3$ reflect a new demand for pulpwood grade small sawlogs for newly installed low quality milling capacity at two of the client mills. Sales of fuelwood, included in the pulpwood category, were up 344% to 25,513 $m^3$ as this market recovered from last year's glut. Conventional pulpwood is becoming more and more difficult to market as by-product sawmill chip tonnage increases.

# OPERATIONS PLANNING AND CONTROL

Operations cruising was carried out on 24,185 ha to complete the data bank required for preparation of the 1985-1990 operating plan.

Cutover survey for 1983-84 mapped 11,000 hectares plus 2,055 hectares of blowdown salvage. Yield was 31.4 $m^3$/ha compared to 30.6 $m^3$/ha the previous year. Increase in yield per hectare was due to the pine blowdown volumes that were generated.

# CONSTRUCTION AND REPAIR

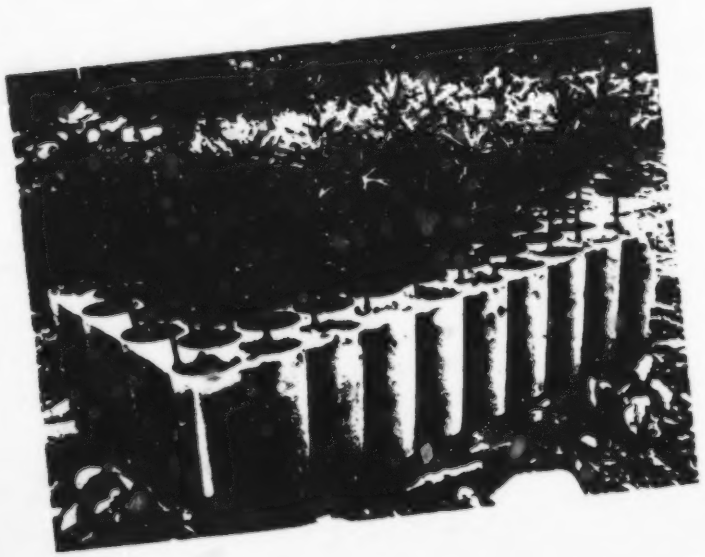
The Shirley Lake Road was extended 3.0 km to a length of 55 km. Form and drainage were established on a further 4.2 km for gravel surfacing. An hydraulic boom excavator was tried successfully on this project. Results were encouraging and confirmed that this type of equipment when teamed with a standard bulldozer does a better job in a shorter time than conventional methods and produces a more manicured appearance.

Improvements were made to the main access road near Daventry in the north to help the utilization of low quality hardwoods.

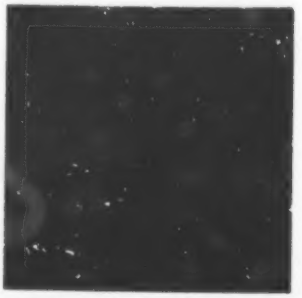
Existing roads in Guthrie, Peck, and Bruton townships were improved to facilitate activities over the next five years. A new section of road was constructed in Clyde township to provide access for tree marking, harvesting and stand improvement.

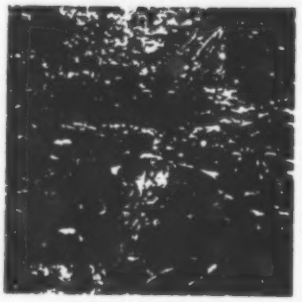
A timber bridge over the Bonnechere River was replaced by a steel stringer structure of 8.0 m span.

A new steel stringer bridge having two spans of 9.0 m each was constructed over the Oxtongue River to provide access for planned logging operations in Peck Township.



# REHABILITATION





Temporary canoe route crossings were restored with replanting and landscaping at the following locations:

Rence Lake to West Galipo Lake, Gull Lake to Cedar Lake, Little Cauchon Lake to Carl Wilson Lake, Bug Lake to Little Cedar Lake, Skuce Lake to Skuce Creek, Sinclair Lake to Kawa Lake, Hornbeam Lake to Biggar Lake, Dove Lake to Shrew Lake, Penn Lake to Night Lake and Maggie Lake to Minnow Lake.

Winter crossings of the Western Uplands Hiking Trail were rehabilitated in two locations and a crossing of the Park Boundary near Flossie Lake was restored.

Two gravel pits on the Shirley Lake road were contoured and planted and a third on the Spoor Lake road was contoured.

Restoration of the Basin Depot Schoolhouse, a cooperative project of the Authority with its client companies was completed in 1984. This is the oldest standing building in Algonquin Park. Built in 1892 it served as a schoolhouse, hospital, ranger camp and cottage prior to its abandonment around 1956. The restored building, located on a designated historic site, was dedicated at an appropriate ceremony June 15, 1984, attended by over 100 people. The attendees included a former student of the school and a number of other pioneers who were familiar with the site through the years.

# FOREST MANAGEMENT

The second year of full participation in the Forest Management Undertaking saw improved performance after the learning experience of the previous year. The benefits of integration of harvesting and production activities with tree marking, scaling, silvicultural projects and maintenance of multi-use roads are reflected in efficiency and staff development.

Tree marking requirement was down by virtue of the high level of blowdown salvage. Area marked for partial cutting was 14,223 ha compared with 15,000 ha last year. 1,200 ha of the 14,223 were contracted out. 322,000 Pine seedings were planted in the blowdown area.

Scaling of forest products amounted to 390,102 $m^3$ of which 126,315 $m^3$ or 32% was weighed. The balance was scaled by O.M.N.R. and under domestic scaling agreements.

A survey of cut-over and blowdown areas was carried out on 7,213 ha to determine post cut stocking of natural regeneration. An area of 3,042 ha was identified as requiring treatment to meet the satisfactory stocking standard. The survey will be completed this year and a programme of corrective action will be devised. The survey concentrates on pine and mixed wood sites which occasionally fail to respond to the partial cutting prescriptions applied.

Maintenance of multi-use roads included grading, snow removal and sanding on 80.5 km. Summer maintenance only was done on 197 km. Calcium chloride was applied to 80.5 km for dust abatement. Spring flooding again forced replacement of a number of minor drainage structures. A downstream buildup of ice threatened flooding of the Lake Traverse Bridge over the Petawawa River. Explosive demolition of the ice jam by military personnel from Base Petawawa saved the bridge from major damage.

*Basin Depot School House*

# PERSONNEL

*Resignations:*
W. J. Muzzi — Foreman
Mrs. K. LeBlanc — Secretary

During the year various staff members attended seminars on communications, team building and staff development.

Technical training was provided in wood measurement and tree marking.

A number of other staff changes occurred shortly after the year-end.

*Resignation:*
I. D. Bird, General Manager

*Appointments:*
W. J. Brown, General Manager
C. M. Corbett, Area Supervisor
D. F. Johnson, Area Forester

# PUBLIC RELATIONS:

A full colour information brochure is available at various Park locations and is distributed from Authority offices in Huntsville and Pembroke.

Speaking engagements and lectures by staff as well as conducted field tours informed a variety of groups on integrated resource management in Algonquin. Staff participated in the 1984 "Forestry Capital of Canada" celebration of the Ottawa Valley during the year.

# FORECAST 1985-86

Logging production of 420,000 $m^3$ is planned, down 80,000 $m^3$ or 16% from the 1984-85 total which was distorted by the large salvage volumes. The pine-spruce sawlog component will be down to 50% of last years level. This reduced production will put pressure on costs and margins for contractors and the Authority.

Pulp markets continue to be uncertain with downtime scheduled during the season by client mills. Competition from overseas producers continues to affect North American markets. Utilization of the pulp component will be affected.

Interest rate levels have remained down and most forecasts predict the trend to continue. The hardwood and softwood lumber markets should continue at present levels as long as these conditions prevail. Recent downturns in the automobile industry may adversely affect the markets for lower grades of hardwood lumber.

Planting of 340,000 white and red pine seedlings in the blowdown area is scheduled for 1985. The tree marking program is planned to cover 12,600 ha. Surveys of unsatisfactorily stocked areas will cover 5,400 ha.

To fund the forest management program, 85% of the $1.1 million expense will come from retained stumpage and 15% will be funded by the Ministry of Natural Resources.

***Red Pine Seed Tree System***

# ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

## BALANCE SHEET AS AT MARCH 31, 1985

**Assets**

| | 1985 ($) | 1984 ($) |
|---|---|---|
| **Current Assets** | | |
| Accounts receivable | **1,249,563** | 1,053,262 |
| Inventory | **558,769** | 62,250 |
| Prepaid expenses | **485** | 1,313 |
| | **1,808,817** | 1,116,825 |
| **Fixed** (note 3) | **431,516** | 305,902 |
| Deferred charge | **113,109** | 120,650 |
| | **2,353,442** | 1,543,377 |

**Liabilities and Surplus**

| | | |
|---|---|---|
| **Current Liabilities** | | |
| Bank overdraft | **9,109** | 50,388 |
| Accounts payable and accrued liabilities | **365,801** | 553,278 |
| Contractors' performance holdbacks | **88,839** | 87,883 |
| Term loans, Province of Ontario | **253,417** | 54,606 |
| | **717,166** | 746,155 |
| **Deferred credit** (note 5) | **10,809** | 35,278 |
| **Surplus** | **1,625,467** | 761,944 |
| | **2,353,442** | 1,543,377 |

See accompanying notes to financial statements.

On behalf of the Board:

B A Reynolds — Director

Frank Parrott — Director

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1985

| | 1985 ($) | 1984 ($) |
|---|---|---|
| **Revenue** | | |
| Product sales (note 4) | **11,091,819** | 8,140,299 |
| Standing timber sales | **675,613** | 636,508 |
| Other | **30,512** | 27,001 |
| | **11,797,944** | 8,803,808 |
| **Expenditure** | | |
| Operating — direct | | |
| Logging and distribution costs | **8,855,706** | 6,590,100 |
| Crown timber stumpage charges | **1,292,576** | 952,745 |
| Operations planning | **61,253** | 47,528 |
| Road maintenance | **43,026** | 26,108 |
| Area charges | **12,888** | 9,165 |
| | **10,265,449** | 7,625,646 |
| **Operating income** | **1,532,495** | 1,178,162 |
| Administrative — indirect operating and other | | |
| Salaries and benefits | **660,466** | 595,486 |
| Depreciation and amortization | **100,958** | 81,330 |
| Interest | **63,331** | 37,130 |
| Office supplies and expenses | **60,828** | 50,770 |
| Consulting | **35,848** | 30,723 |
| Directors' allowances and expenses | **30,703** | 23,748 |
| Office rent | **28,091** | 25,079 |
| Staff travel | **8,532** | 9,882 |
| Staff training | **8,018** | 4,515 |
| Insurance | **7,644** | 7,214 |
| Public relations | **3,286** | 7,255 |
| Bad debt expense | **905** | 6,477 |
| Legal | **492** | 2,381 |
| Staff recruitment and relocation | **—** | 2,401 |
| Gain on disposal of fixed assets | **(2,311)** | (3,280) |
| | **1,006,791** | 881,111 |
| Net income for the year (note 4) | **525,704** | 297,051 |
| Net income (loss) for the year — Forest Management Undertaking (Schedule) | **337,819** | (16,188) |

**See accompanying notes to financial statements.**

# STATEMENT OF SURPLUS
# FOR THE YEAR ENDED MARCH 31, 1985

| | 1985 ($) | 1984 ($) |
|---|---|---|
| **Algonquin Forestry Authority** | | |
| Surplus, beginning of year | **778,132** | 481,081 |
| Net income for the year | **525,704** | 297,051 |
| Balance, end of year | **1,303,836** | 778,132 |
| **Forest Management Undertaking** (note 2) | | |
| Unappropriated deficit, beginning of year | **(33,850)** | — |
| Net income (loss) for the year | **337,819** | (16,188) |
| Appropriated for replacement of fixed assets | **(36,781)** | (17,662) |
| Unappropriated surplus (deficit), end of year | **267,188** | (33,850) |
| Appropriated surplus, beginning of year | **17,662** | — |
| Appropriated for replacement of fixed assets | **36,781** | 17,662 |
| Appropriated surplus, end of year | **54,443** | 17,662 |
| Balance, end of year | **321,631** | (16,188) |
| **Surplus**, end of year | **1,625,467** | 761,944 |

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1985

| | 1985 ($) | 1984 ($) |
|---|---|---|
| **Source of working capital** | | |
| Net income (loss) for the year: | | |
| Algonquin Forestry Authority | **525,704** | 297,051 |
| Forest Management Undertaking | **337,819** | (16,188) |
| Add items not affecting working capital: | | |
| Depreciation and amortization | **103,353** | 81,330 |
| Gain on disposal of fixed assets | **(6,813)** | (3,280) |
| | **960,063** | 358,913 |
| Forest management grant — capital | **—** | 242,689 |
| Proceeds from disposal of fixed assets | **8,791** | 3,994 |
| | **968,854** | 605,596 |
| Use of working capital | | |
| Purchase of fixed assets | **247,873** | 339,491 |
| Increase in working capital | **720,981** | 266,105 |
| Working capital, beginning of year | **370,670** | 104,565 |
| Working capital, end of year | **1,091,651** | 370,670 |

See accompanying notes to financial statements.

# FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1985

(SCHEDULE)

| | 1985 ($) | 1984 ($) |
|---|---|---|
| **Revenue** | | |
| Forest management revenue (note 2) | 1,174,816 | — |
| Operating reimbursements | 179,000 | 963,960 |
| Start up grant | — | 33,327 |
| Other | 11,635 | — |
| | 1,365,451 | 997,287 |
| **Expenditures** | | |
| Direct expenditure | | |
| Wages and benefits | 404,278 | 404,778 |
| Heavy equipment rental | 168,355 | 191,383 |
| Paint | 59,535 | 71,438 |
| Salt and calcium | 52,470 | 52,023 |
| Vehicle costs | 48,503 | 40,984 |
| Planting stock | 47,600 | — |
| Sub contractors — tree marking | 29,060 | 37,155 |
| Materials | 22,772 | 18,864 |
| Vehicle rental | 19,313 | 23,520 |
| Board and provisions | 15,169 | 16,847 |
| Scaling charges | — | 1,808 |
| | 867,055 | 858,800 |
| **Indirect expenditure** | | |
| Salaries and benefits | 116,738 | 102,368 |
| Staff training | 12,280 | 6,795 |
| Radio rentals | 4,279 | — |
| | 133,297 | 109,163 |
| | 1,000,352 | 967,963 |
| **Operating income** | 365,099 | 29,324 |
| Administrative | | |
| Office rent | 9,460 | 3,400 |
| Office expense | 6,845 | 4,139 |
| Wages and benefits | 6,677 | 8,223 |
| Insurance | 4,837 | 4,247 |
| Depreciation (note 3) | 2,395 | — |
| Interest | 1,568 | — |
| Staff recruitment and relocation | — | 13,003 |
| Consulting fees | — | 12,500 |
| Gain on disposal of fixed assets | (4,502) | — |
| | 27,280 | 45,512 |
| Net income (loss) for the year | 337,819 | (16,188) |

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS MARCH 31, 1985

**1. Significant Accounting Policies**

a) Inventory

Inventory is stated at the lower of cost and net realizable value.

b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

c) Deferred charge

Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

**2. Forest Management Undertaking**

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and, in the current fiscal year, from the retention of approximately 90 per cent of the stumpage fees normally remitted to the Ministry.

**3. Fixed Assets**

Fixed assets in service are stated at cost and consist of:

| | 1985 ($) | | 1984 ($) | |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation and Amortization | Cost | Accumulated Depreciation and Amortization |
| Furniture and fixtures | 47,232 | 23,102 | 40,833 | 19,276 |
| Data processing | 41,097 | 11,370 | 34,562 | 3,186 |
| Technical equipment | 31,004 | 7,913 | 12,331 | 5,267 |
| Automotive equipment | 126,204 | 84,454 | 95,248 | 72,099 |
| Buildings and structures | 14,337 | 10,107 | 13,961 | 8,673 |
| Capital roads | 608,507 | 299,919 | 463,934 | 246,466 |
| Forest Management Undertaking (notes 5 and 7) | 231,880 | — | 207,411 | — |
| | 1,100,261 | 436,865 | 868,280 | 354,967 |
| Forest Management Undertaking Grants (note 5) | (231,880) | | (207,411) | |
| | 868,381 | | 660,869 | |
| | (436,865) | | (354,967) | |
| | 431,516 | | 305,902 | |

Some of the Authority's fixed assets are used to carry out activities of the Forest Management Undertaking (FMU). As a result, the FMU has been charged depreciation of $2,395 on such assets.

**4. Unusual Event**

In August 1983, a strong wind blew down timber in an area of Algonquin Park. The Authority has been attempting to salvage this timber as quickly as possible to minimize decay and quality decline caused by insects and fungi. Product sales of blowndown wood during the year were $4,409,000 (1984 — $2,137,000) and salvage operations are now substantially completed.

**5. Deferred Credit**

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Undertaking of which $231,880 has been spent as at March 31, 1985. The remaining amount of $10,809 has been recorded as a deferred credit.

**6. Commitments**

The Authority rents premises under two leases which expire on November 30, 1985 and February 28, 1989. The current annual rent excluding escalation costs, under these leases, is $5,000 and $25,300 respectively.

**7. Comparative Figures**

Comparative figures have been reclassified where necessary to conform with 1985 presentation.

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381

Toronto, Ontario
July 19, 1985

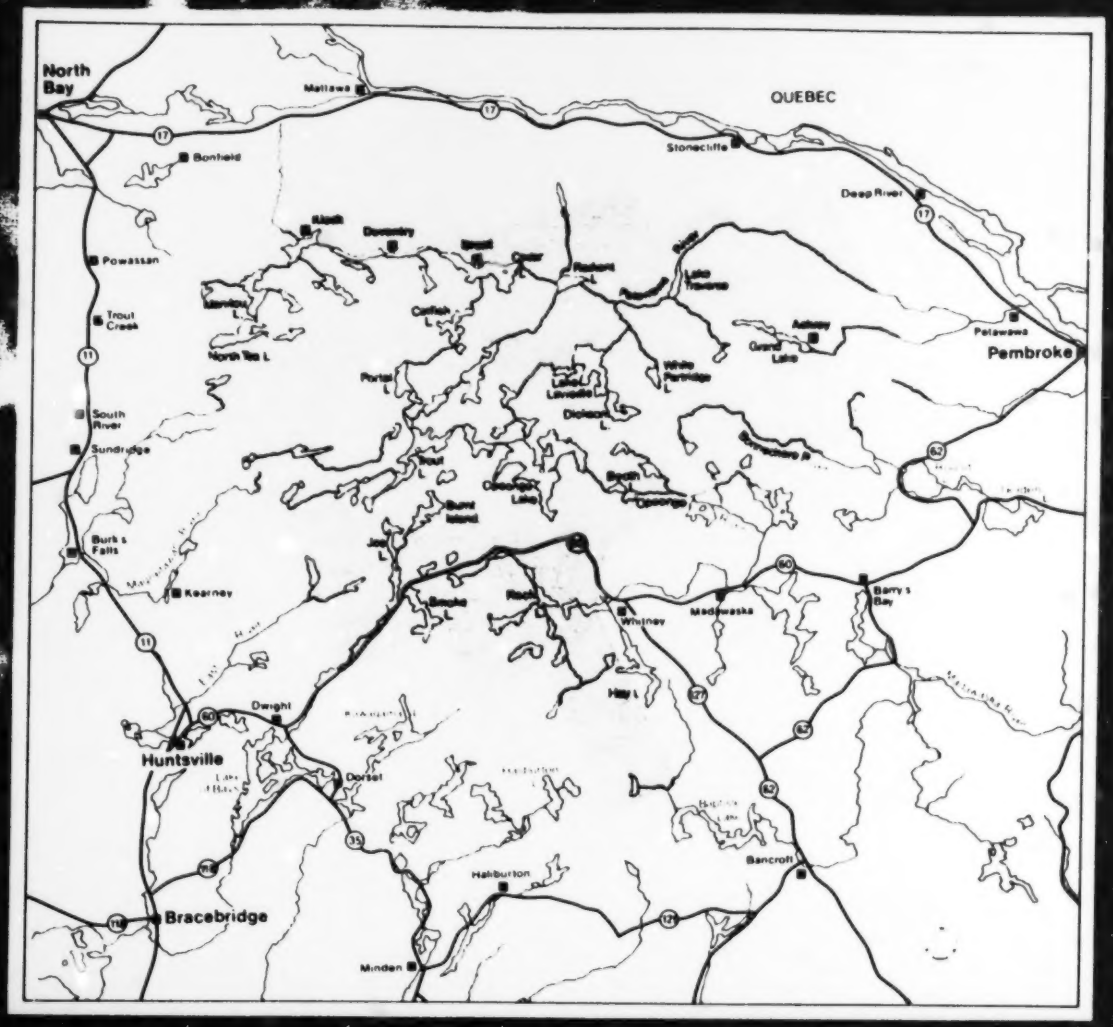
To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources

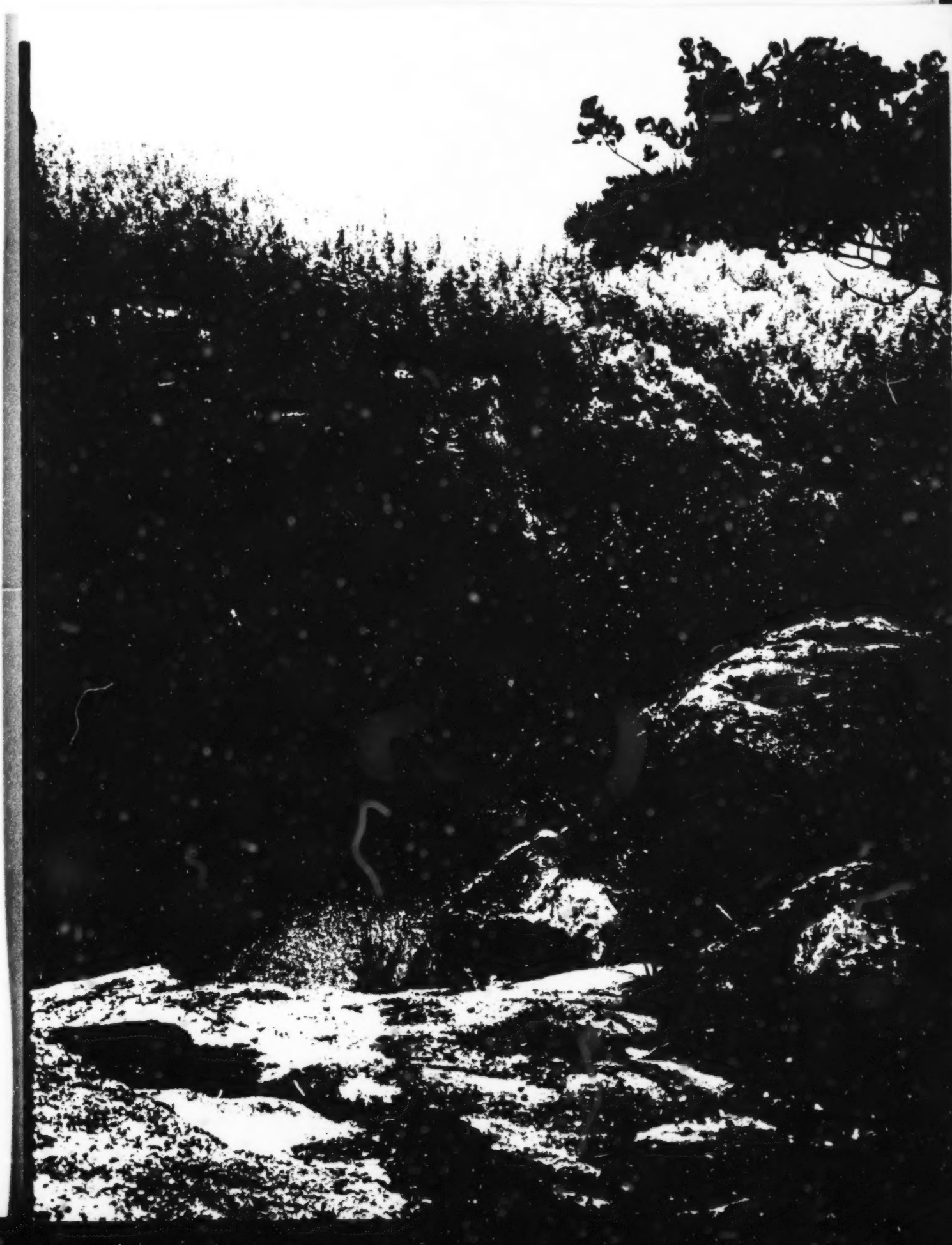
I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1985 and the statements of operations, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D.F. Archer, F.C.A.,
Provincial Auditor


North Bay
Mattawa
QUEBEC
Bonfield
Stonecliffe
Deep River
Powassan
Trout Creek
North Tea L.
Portal L.
Lavieille L.
Dolsaint L.
White Partridge L.
Grand Lake
Petawawa
Pembroke
South River
Sundridge
Burk's Falls
Kearney
Whitney
Madawaska
Barry's Bay
Dwight
Huntsville
Dorset
Hay L.
Bancroft
Haliburton
Bracebridge
Minden



Algonquin
Authority

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